

PRESS RELEASE

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ARIZONA DEPARTMENT OF INSURANCE SUSPENDS LICENSE OF AUTO AND HOMEOWNER INSURER

On October 2, 2002 the Arizona Department of Insurance suspended the license of Foundation Reserve Insurance Company (Foundation Reserve) due to its unsound financial condition. Consequently, Foundation Reserve is prohibited from writing any new insurance policies and they must non-renew their existing policies. Currently, Foundation Reserve has over 17,000 outstanding automobile and homeowners policies in Arizona. Most of its business was in Maricopa, Pima, Navajo, Apache and Coconino counties.

Foundation Reserve customers in Arizona will be receiving a Notice of Nonrenewal on their automobile and/or homeowners insurance policies as they come up for renewal over the next several months. Since auto insurance is required in order to drive a vehicle on Arizona roadways, Foundation Reserve is giving 45-days notice of non-renewal (rather than the 10 days required by law) on *automobile* policies to give their customers extra time to seek replacement coverage. For policies not yet due to expire but for which policyholders are making periodic payments, the insurer will not reinstate policies that are cancelled for non-payment if the premium payment is received after the due date. Therefore, it will be important for Foundation Reserve customers to make their premium payments on time while they are shopping for new insurance coverage.

In accordance with law, Foundation Reserve will be notifying the Arizona Department of Transportation, Motor Vehicle Division, when an automobile policy is terminated whether for non-payment of premium or non-renewal. If drivers cannot provide proof of new insurance when asked, they run the risk of having their vehicle registration suspended. Thus, it is imperative that policyholders take prompt action to secure new automobile insurance upon receipt of their Nonrenewal Notice from Foundation Reserve.

The insurer began non-renewing homeowner policies this summer, so some policyholders may have already received their Notice of Nonrenewal for these coverages.

Foundation Reserve customers can contact their insurance agent to inquire about their renewal dates and talk about replacement coverage. They can also contact Foundation Reserve Insurance Company at (505) 345-7260 or (800) 788-8851.

The Department of Insurance can assist policyholders having difficulty finding new automobile or homeowners insurance. Consumers can call the Department at (602) 912-8444 or toll free (outside of Phoenix) at (800) 325-2548 to ask questions or request our shoppers' guides and premium comparisons. Publications are also available on our website at www.state.az.us/id.

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